

RECOMMENDED REVISIONS TO THE
AFFORDABLE HOUSING ELEMENT OF THE
CITY OF KEY WEST COMPREHENSIVE PLAN

Overview:

The changes since 1990 in the City of Key West as it pertains to affordable housing have been significant. Tourism has emerged as the dominant industry in the City of Key West and Monroe County with a corresponding decrease in the importance of the fishing industry.

Key West has become a second home retirement community supported by the development of Truman Annex, Sunset Key and upscale residential neighborhoods throughout Key West. Historic preservation is at an all time high and sub-standard housing units have been virtually eliminated. The Key West Golf Course residential development which started as a residential and second home community is evolving into a rental community.

Affordable housing rental development or conversion to include Mariner's Cove (78 units), Poinciana Plaza (144 units), Roosevelt Gardens (96 units), West Isle Apartments (192 units) and Douglass Square (50 units) totaling 560 units came into the marketplace during the 1990-2010 timeframe. Key West is now virtually built out. The Housing Authority of the City of Key West, Florida (KWHF) has emerged as a major player in the affordable development and conversion arena.

The United States Department of Defense downsizing of the military with a corresponding series of initiatives to provide quality housing to military personnel has and will significantly impact the housing stock in Key West and the Lower Keys. The Key West Naval Station continues to be a strategic base for training and interdiction efforts in the Caribbean. The unprecedented increase in the Military Basic Allowance for Housing (BAH) and privatization of existing base housing has and will continue to have a significant impact in the Key West affordable and market rate housing markets as long as staffing levels require 2,000 housing units and the base is only able to provide 875.

The military housing dynamics are further complicated by the military's decision to allow military personnel to live wherever they choose with an E-1 with dependants receiving a \$1,993 monthly allowance, an E-9 with dependants receiving a \$2,608 monthly allowance, an O-1 with dependants receiving a monthly allowance of \$2,158 and an O-7+ with dependants receiving a monthly allowance of \$3,193. This policy encourages military personnel to seek housing off base since they are allowed to pocket the difference between the allowance and actual costs. Additionally, the privatization initiative which is resulting in new housing for officers (115 units) and complete rehabilitation of all existing units has a "waterfall" priority for renting units. The last priority of the "waterfall" is to rent units on base to "non-affiliated" tenants. The privatization firm handling the Key West Naval Base housing has just started to rent housing units to non-affiliated tenants at Peary Court.

The significant increase in purchase prices and rental rates for single family homes has precipitated a decline in population in the Lower Keys and Key West. The decline has been confirmed by census updates and the decrease in school enrolment. It is suspected that the population decline is a function of either the inability to purchase a home and/or housing costs in the 40% to 50% plus of income range.

The City of Key West and Monroe County efforts to support workforce housing in perpetuity on leased land at 140% of the area median income has met with success. The Railway Condominiums in Key West totaling 38 units and Park Village in Stock Island containing 40 units are sold out. The vast majority of purchasers received a \$45,000 soft second mortgage, at zero percent with payments deferred for 30 years from the Monroe County State Housing Initiatives Partnership (SHIP) program. Islander Village in Stock Island is also on leased land at 140% of the area median income. 43 of the 88 planned units have been built and the developer of the property has been forced to enter into a rent-to-own program as a result of the difficulty of purchasers to secure first mortgage financing. This problem will be further complicated by the absence of SHIP funds being available. There is no antidotal information available to identify exactly why sales at this property have stopped. The three most common thoughts are the difficult in obtaining first mortgage financing, the state of the economy and the absence of purchasers left in the Lower Keys interested in owning a home on leased land.

The emphasis for affordable housing needs to shift from new construction to rehabilitation and acquisition of existing housing to preserve the affordability utilizing City of Key West resources such as the Monroe County Comprehensive Plan Land Authority (Land Authority) and other financing enhancements. The major missing financing enhancement for the acquisition of existing housing is equity. The Land Authority only provides funding for the acquisition of land. The City will need to raise equity funding for the acquisition of existing affordable housing by generating sources of income such as tax incremental financing to make this a reality. The preservation of existing affordable housing is equally important and can only be accomplished by the raising of funding for this endeavor. Affordable housing providers whose rents are restricted either by agreement or law lack the ability to refinance in order to raise capital to make additional investments in the real property. This limits them as to sources of funding which will lead to the ultimate decline of these properties. The Housing Authority of the City of Key West which now owns 903 public and affordable housing units is ideally suited for this role based on its statutory requirements to provide affordable housing and its long term relationship with the City of Key West who appoints its Board of Commissioners.

The ability of relatively minor affordable housing events in Key West and the Lower Keys to fundamentally impact the market place is startling. The public housing rental market remains strong. The tax credit affordable market remains strong. The affordable market at 120% of the area median income is under pressure and experiencing difficulty with turnover and finding replacement tenants. What used to take one day is now taking fourteen. Market rental housing is experiencing vacancy, rental rate pressure and vacant units are now empty for longer periods of time. This is all occurring while a significant number of military personnel are entering the local market with BAH allowances that entitle them to profit from renting within the community.

There is no question that the City of Key West has an affordable housing problem. The first element of the problem is rental and mortgage payments that exceed 40 plus % of income. The second problem is supply. Current events would suggest that maybe supply is no longer our problem. The real problem is that we don't know and that decisions will be made based on a perceived problem rather than an actual problem. The City needs to consider "modeling" the affordable housing and market rate rental markets and the various factors such as population, school enrollment and military impacts to continually determine on a current basis what the needs are by each market.

City of Key West Workforce Housing Inventory

Rental & Homeownership

PROPERTY	PROPERTY TYPE	UNIT TOTAL	UNIT TYPE
Key West Housing Authority			
Fort Village	Public Hsg	84	Rental
Porter Place	Public Hsg	128	Rental
George Allan	Public Hsg	117	Rental
Robert Gabriel	Public Hsg	53	Rental
Senior Citizen Plaza	Public Hsg	199	Rental
Key Plaza Site A	Affordable	28	Rental
Key Plaza Site B	Affordable	38	Rental
Poinciana Plaza	Affordable	144	Rental
Poinciana Plaza -Mstr. Lease	Affordable	10	Rental
Roosevelt Gardens	Affordable	96	Rental
Paterson & Third St.	Affordable	6	Rental
Aids Help			
Marty's Place	Affordable	16	Rental
Seebold Place	Affordable	14	Rental
Harvey House	Affordable	5	Rental
McCarthy-Rogers	Affordable	11	Rental
SHALL - (Homeless/Poinciana)	Affordable	50	Rental
Mariner's Cove	Affordable	78	Rental
Mark House			
Von Phister - beds	Affordable	6	Rental
Windsor Lane - beds	Affordable	14	Rental
Douglass Square	Affordable	50	Rental
Ocean Walk - expired - 2008	Affordable	0	Rental
800 Amelia St.	Affordable	1	Rental
1300 Ashby St.	Affordable	1	Rental
1909 Blanche St.	Affordable	2	Rental
623 Duval St	Affordable	1	Rental
808 Duval St.	Affordable	3	Rental
1100 Duval St.	Affordable	1	Rental
1200 Duval St.	Affordable	2	Rental
1225 First St.	Affordable	1	Rental
3733 Flagler Ave.	Affordable	1	Rental
516 Fleming St.	Affordable	2	Rental
604 Greene St.	Affordable	1	Rental
917 Grinnell	Affordable	1	Rental
1010 Grinnell St.	Affordable	1	Rental
1901 Harris Ave.	Affordable	1	Rental
2904 Harris Ave.	Affordable	1	Rental

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PROPERTY	PROPERTY	UNIT	UNIT
	TYPE	TOTAL	TYPE
1614 Johnson St.	Affordable	1	Rental
620 Josephine Parker Rd	Affordable	1	Rental
630 Lang Milian Alley	Affordable	1	Rental
508 Louisa St. Unit 1	Affordable	1	Rental
2816 N. Roosevelt Blvd	Affordable	3	Rental
423 Olivia St.	Affordable	2	Rental
511 Petronia St. (upstairs)	Affordable	1	Rental
124 Simonton St.	Affordable	4	Rental
829 Simonton St.	Affordable	1	Rental
507 South St.	Affordable	1	Rental
508 Southard St.	Affordable	7	Rental
400 Truman	Affordable	2	Rental
500 Truman Ave.	Affordable	1	Rental
1205 Virginia St.	Affordable	1	Rental
Key Cove:	Affordable	16	
Key West Seaside:	Affordable	29	H/O
Flagler Court	Affordable	26	H/O - Rent
Paradise Court	Affordable	16	H/O - Rent
West Isle	Affordable	191	Rental
Salt Ponds	Affordable	88	H/O
Railway	Affordable	38	H/O w/Expt
Habitat for Humanity	Affordable	6	
BCCLT	Affordable	41	
TOTAL		1662	

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2009 MONROE COUNTY SHIP INCOME LIMITS

Effective: March 19, 2009

2009 Monroe County, Median Income	\$69,200.00
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SHIP Program Income Maximums, Adjusted for Family Size

	50%	80%	120%
<i>Household Size</i>	<i>Very Low</i>	<i>Low</i>	<i>Moderate</i>
One Person	\$ 26,300	\$ 42,100	\$ 63,120
Two Persons	\$ 30,100	\$ 48,100	\$ 72,240
Three Persons	\$ 33,850	\$ 54,150	\$ 81,240
Four Persons	\$ 37,600	\$ 60,150	\$ 90,240
Five Persons	\$ 40,600	\$ 64,950	\$ 97,440
Six Persons	\$ 43,600	\$ 69,750	\$ 104,640
Seven Persons	\$ 46,600	\$ 74,600	\$ 111,840
Eight Persons	\$ 49,650	\$ 79,400	\$ 119,160

State Housing Initiatives Partnership (SHIP) Program 2009 Rental Maximums

	50%	80%	120%
<i>Unit Size</i>	<i>Very Low</i>	<i>Low</i>	<i>Moderate</i>
Efficiency	\$657	\$1052	\$1578
1 Bedroom	\$705	\$1127	\$1692
2 Bedroom	\$846	\$1353	\$2031
3 Bedroom	\$977	\$1563	\$2346
4 Bedroom	\$1090	\$1743	\$2616

Each county's median income and the numbers derived from median are used to implement a variety of federal, state and local affordable housing programs. Please check with the agency responsible for implementing specific programs to determine how these figures may impact your project.

Median income is published annually by the U.S. Department of Housing and Urban Development. The Florida Housing Finance Corporation (FHFC) expands on the federal determination relative to the implementation of state programs.

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Categories:	Very Low	=	0% to 50% of Median
	Low	=	51% to 80% of Median
	Moderate	=	81% to 120% of Median

CITY OF KEY WEST AFFORDABLE HOUSING ASSESSMENT
PROJECT PURPOSE AND SCOPE OF SERVICES

Task 1 – Jurisdiction:

Task 1.1

The unprecedented increase in the cost of gasoline and automobiles, travel time and congestion has changed the commuting time to Key West from the Lower Keys. The increase in multi-family tax credit housing on Stock Island to include Stock Island Apartments (130 units) and Meridian West (102 units) and affordable homeownership housing to include Tortugas West (16 units), Park Village (40 units) and Islander Village (43 units) or 331 units in total has decreased the need to go up the Keys to find less expensive housing.

We believe that the area to be measured should go as far as Mile Marker 12. The next residential communities are Bay Point, Sugarloaf Shores and Sugarloaf Key which have few affordable housing units. Those affordable units that do exist in Bay Point are considered sub-standard and in need of rehabilitation.

Task 2 – Definition:

Task 2.1

The newest buzz word in affordable housing is “Workforce Housing”. It identifies a group of people whose income exceeds 120% of the area median but by virtue of the increase costs in rental and homeownership housing, have been de-franchised and unable to obtain acceptable and affordable housing. Workforce housing, up to 140% of the area median income adjusted for family size is an allowable income limit now in the State Housing Initiatives Partnership (SHIP) program.

Many communities to include the City of Key West, Monroe County and Collier County adopted income definitions that address the problem but fail to match affordable housing programs. The City of Key West needs to adopt a definition with a corresponding income limit that is the same as available funding programs.

Task 3 – Assessment of Affordable Housing Available in the City of Key West

Task 3.1

Public Housing Units (subsidized and income restricted)	581 units 2-4% vacancy
Affordable Housing Units (income restricted)	322 units 3-5% vacancy
Section 8 Voucher Program (managed)	250 units

Task 3.2

Aids Help

- Marty's Place 16 units
- Seebol Place 14 units
- Harvey House 11 units
- McCarthy/Rogers House 5 units

Mark House

- Windsor Lane 14 beds
- Von Phister 6 beds

Habitat for Humanity – Lower Keys

- Fogarty Corner 6 units

Bahama Conch Community Land Trust (BCCLT)

- Scattered sites 41 units

Task 3.3

Housing Inventory - see attached

Task 3.4

Pier House

Historical Tours of America (HTA)

Waste Management

Southernmost Hotel Group

Task 3.5

This question can only be answered definitively by identifying the income standard to measure affordability. If the income standard is 80% of median adjusted for family size none of the existing market rate apartment complexes are providing affordable housing.

If the answer is 120% of median adjusted for family size then the answer is all of the market rate apartment complexes are providing affordable housing.

Task 3.6

Transitional housing for the homeless and/or individuals experiencing drug/alcohol and/or domestic abuse is measured by the number of beds not units. As an example, Kathy's Place at Poinciana contains 16 beds. The 50 homeless units, also at Poinciana, that provide transitional housing are measured as beds. As an example, the Florida Keys Outreach Coalition which has 16 units represents 100 beds for the homeless.

➤ Deliverables:

New units

Poinciana Royale – 50 units – Aids Help

Roosevelt C. Sands, Jr. – 44 units – demolition/reconstruction

Deed restrictions “Urgent List”

Mariner’s Cove – 78 units – FHFC LURA expires 2010. Attempting a “qualified contract process”.

West Isle Apartments – 192 units – City Affordable Housing Restrictions to run out shortly. Original owners sold to a condominium converter who abandoned the property and the original owners are completing the condominium conversion/rehabilitation with a goal to selling the property without restrictions.

Task 3.7

The base housing manager is unavailable and senior civilian staff has not responded to inquiries regarding this task. We have concluded that the military need approximately 2,000 units for the base’s housing needs and that 70% of the military personnel stationed in Key West are living off-base. This means that 600 or less of the 850 units of base housing are occupied.